



DEFENSE LOGISTICS AGENCY
DEFENSE CONTRACT MANAGEMENT COMMAND
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IN REPLY
REFER TO

OCT 301996

AQOD

MEMORANDUM FOR COMMANDERS, DEFENSE CONTRACT MANAGEMENT
DISTRICTS

SUBJECT: DCMC Memorandum No. 96-67, Management Councils (POLICY)

This is a POLICY memorandum. It expires when its contents are included in DLAD 5000.4, Contract Management, or after one year. Target Audience: All DCMC employees.

We are in the process of ending the Reinvention Laboratory for Reducing Oversight Costs in favor of the DoD Single Process Initiative (SPI). SPI provides an effective mechanism for addressing contractor waiver requirements, and provides a better capability for combining the same or similar requests from an enormously larger population of defense contractors. SPI participation is actively encouraged from all 24,000 contractors under the cognizance of DCMC, while reinvention lab participation has been limited to a few contractors.

A Reinvention Laboratory innovation we most definitely want to preserve, though, is joint Government/Contractor Management Councils. When the Reinvention Laboratory for Reducing Oversight Costs was established in September 1994, each of the lab sites was directed to establish a Management Council. The Councils, which have been one of the lab's greatest successes, are responsible for chartering **multi-functional, multi-organizational** teams and then managing the activities of those teams, providing guidance, coordinating issues, resolving disputes, and approving team recommendations. Council membership includes key DCMC, DCAA, contractor, buying activity, and program office representatives.

Those Management Councils were so successful in promoting better teamwork, communication, and cooperation between contractors, DCMC, DCAA, and our major customers, that DoD adopted the laboratory's Management Council concept for SPI. Management Councils were also set up in late 1995 to manage the Reinvention Laboratory, "Enhance the Use of Parametric Cost Estimating Techniques." In a December 11, 1995 memorandum to the District Commanders, I wrote: "Each field office should establish a Management Council comprised of contractor, DCMC, DCAA,



and key customer representatives in order to facilitate a timely and constructive exchange of information.” That direction still stands. In fact, I want to **further** emphasize it.

I strongly believe that joint Government/Contractor Management Councils are ideal for fostering process improvements and successfully managing initiatives for reducing oversight and acquisition costs. They have also proven extremely successful in opening new channels of communications between ourselves, contractors, DCAA, and our customers. They have enabled us all to tackle, and correct, problems that before would have been simply impossible to solve. I want those successes to continue. If there are any questions, please contact Mr. Don Reiter, Contractor Capability and Proposal Analysis Team (AQOD), at (703) 767-3407 or DSN 427-3407.

A handwritten signature in black ink, appearing to read "Robert W. Drewes", with a stylized, flowing script.

ROBERT W. DREWES
Major General, USAF
Commander